OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEBSITE AT WWW.USTR.GOV

2004-32

FOR IMMEDIATE RELEASE: April 23, 2004

CONTACT: **RICHARD MILLS/NEENA MOORJANI**
(202) 395-3230

U.S. and Korea Resolve Major Trade Dispute in Telecom Sector

Follows on Heels of Other High Tech Victories in Asia

WASHINGTON - U.S. Trade Representative Robert B. Zoellick announced today that, after intensive negotiations, the United States and Korea resolved a long-standing trade dispute that threatened to shut U.S. firms out of an important part of the Korean telecommunications market.

"This week marks a number of key trade successes for the United States high tech industry," said Zoellick. "China took a significant step in embracing technology neutrality in its telecom policy. Based on the deal we reached with Korea, American telecommunications companies can now be assured of unimpeded access to this important market. American businesses and workers will continue to provide cutting-edge products and services to the growing Asian market."

"Telecom is an integral part of the infrastructure of the modern global economy, and US workers and businesses lead the way in products and services. It's wrong for countries to mandate exclusive standards that have the effect of shutting us out," said Zoellick. "The United States will continue to aggressively seek resolution of this and other similar issues throughout Asia and the world."

The dispute with Korea arose more than two years ago when the United States Government learned that the Korean Government had launched the development of the "Wireless Internet Platform for Interoperability" (WIPI) which it intended to promulgate as a mandatory standard in the Korean market. As originally envisioned, WIPI would have been the exclusive technology for downloading content from the Internet onto cell phones, thereby shutting out competing systems, including a U.S. system that already had over seven million Korean subscribers and is expected to generate hundreds of millions of dollars over the next five years.

The United States and Korea have now agreed to ensure that competing U.S. systems can continue to operate and grow in this important market. Resolution of the issue comes after a series of bilateral consultations and meetings between senior officials in

Washington and Seoul that have been intensified over the last several months. This success comes on the heels of the decision by the Chinese government this week to delay indefinitely an exclusive wireless networking standard (WAPI encryption standard proposal), to engage with international standards-setting bodies on wireless issues, and to adopt a policy of technology neutrality for licensing new cellular services ("3G" services).

Looking ahead, the U.S. Government hopes that resolution of this issue can provide momentum for resolution of another telecommunications standards issue of importance to U.S. companies, namely Korea's plan to mandate an exclusive domestic transmission standard for a new service - portable broadband wireless internet. The U.S. Government is a strong proponent of the principle that telecommunications carriers should have maximum flexibility in the technology they choose, unencumbered by government interference.

Background:

The issues addressed this week relate to technology standards employed in the wireless equipment and services.

WIPI (Wireless Internet Platform for Interoperability) is a standard developed in Korea designed to enable cellular phone customers to download software applications (games, productivity tools, e-mail programs) onto their cell phones. WIPI is a new technology that competes with several other established software platforms.

WAPI is an encryption standard developed in China designed to make wireless local networks (e.g. WiFI "hotspots") more secure for users. International standards organizations are working to develop an open standard to address security issues relating to wireless local area networks.

3G (third-generation) mobile services are cellular services designed for both voice and high-speed data transmission, enabling users to access services such as the Internet from a cell phone or laptop, in a mobile environment. There are several competing standards that are considered 3G.

###